

Drivers of Drug-Related Financial Crime and some Short-Term Predictions

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Three Types of Drugs

- Legal
- Prescription Only
- Wholly Illegal

Use, Abuse, Crime

Prior to Use

- Cultivation, Preparation and Sale of Illegal Drugs
- Counterfeiting of All Kinds of Drug
- Acquisitive Crime to Pay for Drug Habits
- Bribery of Public Health Agents and Law Enforcement

During Use

- Taking Illegal Substances

After Use

- Public Intoxication
- Violence
- Use of Vehicles and Machinery while Intoxicated

Effect on Life Expectancy

- In the United States of America, life expectancy peaked in 2014. So far it has not recovered to its 2014 level.
- Contributing causes of decline in life expectancy include accidents, suicide, cirrhosis of the liver and, for males, homicide (Kochanek, Anderson and Arias (2020). Later on, the COVID-19 pandemic caused a further reduction in life expectancy.
- Mehta, Abrams and Myrskylä (2020), argue most of the decline is due to cardio-vascular diseases but still assign 10% of the fall to drug-related causes. Harper, Kaufman and Cooper (2017) point to a major direct impact from opioid use among men.
- Violence associated with drug cultivation and supply, although sometimes criminal hierarchies maintained with less violence (Suckling 2016).
- Dangers involved in smuggling (Paoli, Greenfield and Zoutendijk 2013)

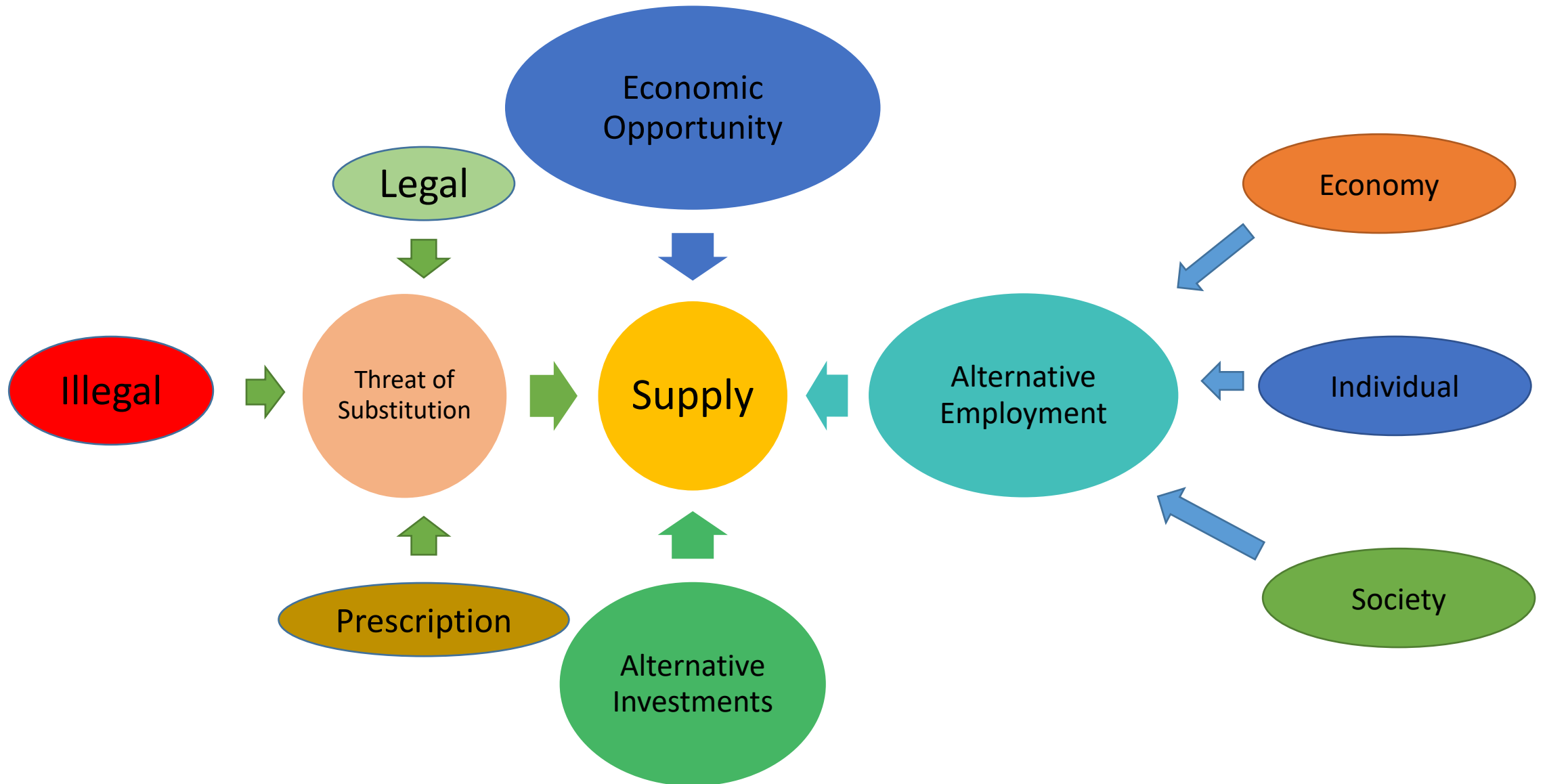
Economic Effects

- Diversion of Resources
- Economic crimes in cultivation (Paoli, Decorte and Kersten 2015, Mansfield 2018)
- Tax and Duty Evasion

Demand-Side Drivers

- Data from United States, United Kingdom (England and Wales), Colombia, Nigeria
- Consumption of illegal drugs more common in men than women
- Most prevalent among age group 16-24 (UK), 21-25 (US), 18-24 (Colombia), 30-34 (Nigeria)(United Nations Office on Drugs and Crime (2021b)). The age-groups in question are in decline in higher income countries – but growing in lower income countries (United Nations Office on Drugs and Crime (2021b))
- Prevalence of drug-taking was highest among those in the US aged 21-25
- Ambivalent effects of socio-economic status (Karriker-Jaffe 2011, Lim and Morris 2020)
- Urbanization: Abraham (1999) found a positive correlation, Yang and Luo (2009) found no significant correlation
- Price-inelastic demand and substitution opportunities (Cunningham and Finlay 2015)
- Gateway Drugs (Kenkel, Mathios and Pacula 2001)
- Risk of Punishment

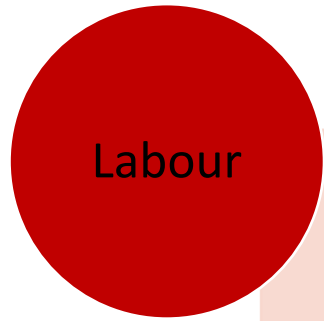
Supply-Side Drivers



Supply Side

- Balloon effect if no effort to tackle demand (Dion and Russler 2008, Mejía Restropo and Rozo 2017, Mansfield 2018)
- Associated with poverty, poor infrastructure and lack of opportunity (Dion and Russler 2008)
- No supply without demand. Enforcement efforts – judicial and non-judicial - tend to be aimed at producers (poor) instead of buyers (wealthy)

Supply-Side Drivers



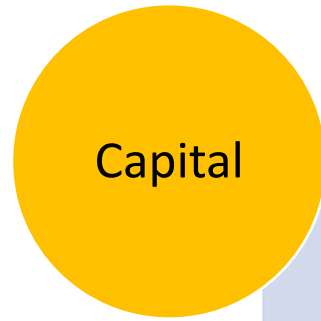
Labour



Alternative
Opportunities

Social
Acceptance

Pressure



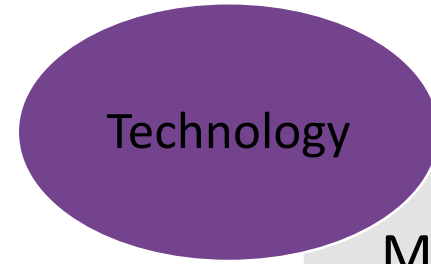
Capital



Alternative
Investments

Legitimacy of
Capital

Profitability



Technology



Match with
Materials

Search for
Competitive
Advantage

Counterfeiting

Short-Term Predictions

Novel Psychoactive Substances (designer drugs)

Lysergic Acid (LSD) created by Albert Hoffman in 1938 for medical use but psychedelic properties discovered in 1943. Later controlled and banned in USA, UK and other countries (Oram 2016)

As of January 14th 2021, United Nations Office on Drugs and Crime (2021a) reported 1,047 known substances.

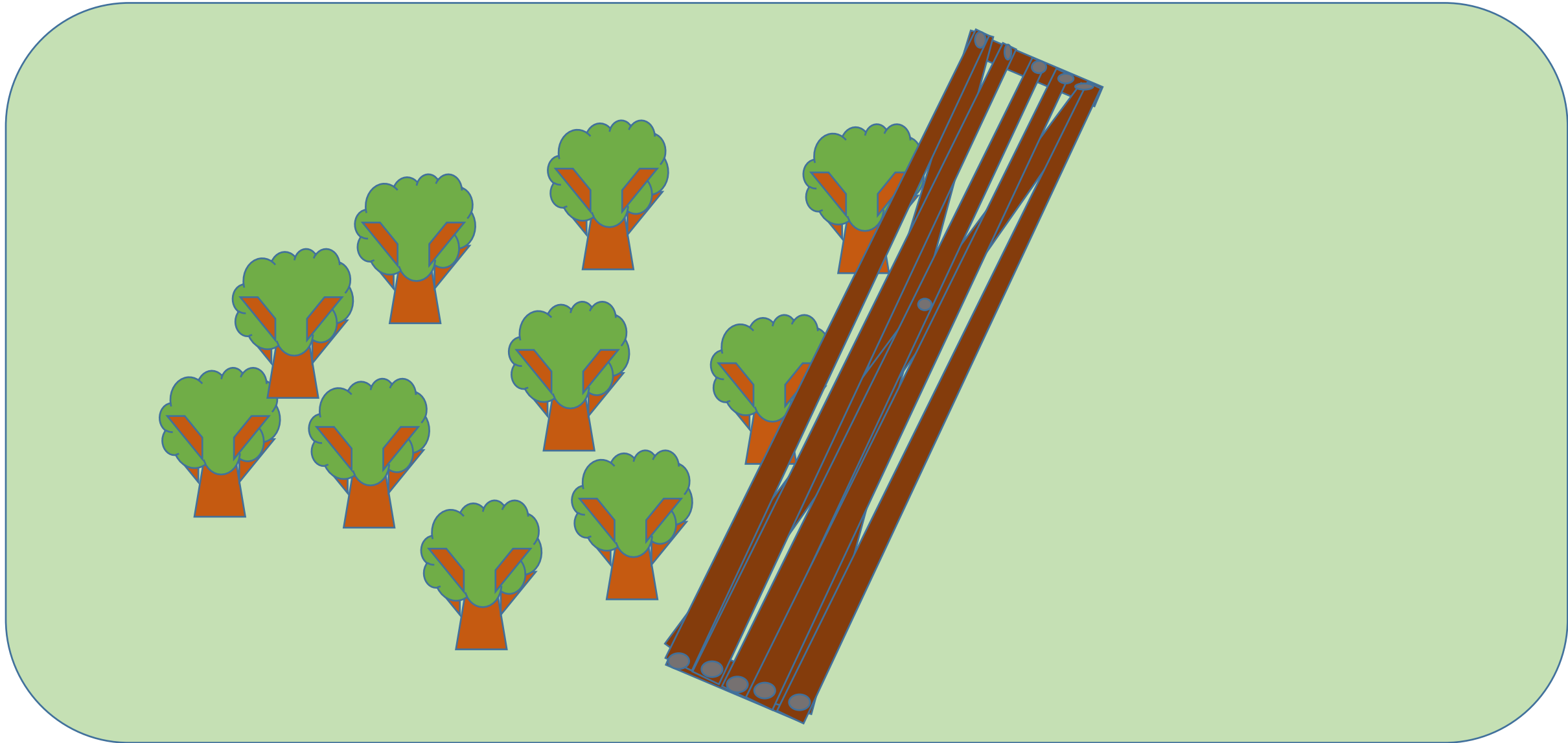
A challenge for legislators used to *ad hoc* prohibition and control of specific substances (Tetty and Levissianos 2017).

Flualprazolam associated with 72 deaths, 3 sexual assaults and 336 cases of driving while intoxicated (United Nations Office on Drugs and Crime 2021a). Deaths include overdoses, suicides and accidents (Krikku et al. 2020)

Appeal for legislative avoiders and counterfeiters

Availability online (Aldridge, Stevens, and Barratt 2017)

Designer Drug Regulation in the 1960s



Short-Term Predictions

Legislative Retreat

- Past history, race relations, nationalism
- Public health or control of monopolistic industries?
- Use of law enforcement resources
- Libertarianism
- Taxation

Short-Term Predictions

The Rise of Hallucinogenics

- Laboratory-manufactured Novel Psychoactive Substances
- Stress *versus* Experimentation
- Flagellant Effect (see Nagy and Biron-Ouellet for the flagellants)?

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